(4) The reallocation of investment form regulated to nonregulated activities pursuant to §69.401; and

(5) Such tax law changes and other extraordinary exogenous cost changes as the Commission shall permit or require.

Explicitly not included as exogenous costs are depreciation rate changes and equal access costs.

Incentive Company

An exchange carrier whose revenue distributions *(settlements)* are developed based on the individual exchange carrier's predetermined settlement rate. The settlement rate is calculated at the authorized rate of return, using the EC's historical cost and demand. This regulation provides incentives for companies to achieve and retain profits in excess of the authorized rate of return, through the achievement of productivity increases and cost containment.

Latest View

A view of a data month that includes all data month adjustments *(DMAs)* and/or retroactive adjustments *(RAs)* reported to the pool for that month.

Lifeline Connection Assistance *(LCA)*

Waived local revenues for reduced installation charges to connect qualified single line residential subscribers and/or the waived interest expense associated with deferred payment of connection charges. Before Lifeline Connection Assistance can be reported to NECA, the exchange carrier must follow an FCC Lifeline Connection Assistance plan. Contact your NECA Regional Office for details.

Long Term Support *(LTS)*

Revenue paid to the NECA CL pool by those ECs who have elected to withdraw from the NECA tariff. Long Term Support enables pool participants to bill interexchange carriers the average nationwide carrier common line rate.

NECA Administrative Costs

Costs incurred by NECA associated with filing and administering interstate access tariffs, billing interexchange carriers for USF and Lifeline Assistance amounts and managing the pooling and distribution of access revenues.

Net Balance

A net balance is the difference between the settlement due an EC and the access revenue the EC has reported and is holding.

Prior Period Net Adjustment *(PPNA)*
The sum of the effects of DMAs and RAs for prior months on the current month's cash flow.

Rate of Return Factor

The settlement rate is developed using the authorized rate of return of 11.25%. The rate of return factor is used to adjust the exchange carrier's settlement rate to reflect the earnings at the pool rate of return **(Residue Ratio)**.

Residue for Distribution

Total pool funds available for distribution after the reimbursement of NECA administrative costs, Average Schedule net balance, Expenses and Other Taxes and Federal Income Tax *(FIT)*.

Residue Ratio

Data month's total pool residue for distribution divided by the total pool average net investment. This ratio is the return on investment for the total pool.

Retroactive Adjustment *(RA)*

The difference between previously reported data and revised actual data. An RA may be reported only for the fourth through the twenty-fourth data month. Transactions for the most recent three prior months will be identified by the settlement system as data month adjustments.

Settlement

The term settlement is the amount of pooled access revenue which each exchange carrier is to receive for providing interstate access service to interexchange carriers and other users. The exchange carrier's settlement includes such items as expenses and other taxes, return on investment and FIT allowance as appropriate.

Settlement Rate

The settlement rate is calculated at the authorized rate of return, using estimates of the EC's historical cost and demand. NECA will adjust the settlement rate to reflect a Customer Dividend which lowers the settlement rate by a predetermined amount (currently .65%) NECA will also adjust the settlement rate to account for the effects of exogenous rule changes. At the end of the first year of the two-year settlement period, NECA will true-up the settlement rate, and calculate a cost study cash flow adjustment using actual costs from finalized cost studies and the lastest view of demand.

Settlement Rate Adjustment

The settlement rate is calculated at the authorized rate of return, using estimates of the EC's historical costs, annual net investment and demand.

At the end of the first year of the two-year settlement period NECA will true-up the settlement rate using actual costs from finalized cost studies, and will calculate a settlement rate adjustment. This adjustment is calculated by taking the difference between the original settlement rate and the trued-up rate, multiplied by the demand for the year. The resulting Settlement Rate Adjustment will then be distributed prospectively, in 12 monthly installments, as part of the current month cash flow. The net of all incentive company settlement rate adjustments will be incorporated into the revenue requirement of NECA's rate calculation for the next tariff period.

Special Access Settlement

Special Access Settlement = Special Access Revunes x Retention Ratio x Tariff Rate Adjustment Factor.

Tariff Rate Adjustment Factor = 1/(1 + Tariff Special Access Relative Rate Change since the last Settlement Period.

Spread Adjustment Option *(SPR)*

A spread adjustment may be used to report adjustments for 2 to 12 consecutive prior data months in one transaction. This is a system enhancement to ease repetitive cost study adjustments and interim reporting.

Study Area

A geographical area for which settlements are computed. Generally, a study area is a company's operations within a state.

Total Net Balance

The total net balance combines the current month's net balance with PPNAs, cost study cash flow adjustment, profit sharing adjustment and Universal Service and Lifeline Assistance amounts. This determines the exchange carrier cash flow for the month. A "positive" total net balance reflects money NECA will pay to the exchange carrier. A "negative" total net balance reflects money the exchange carrier will pay to NECA.

Tariff Rate Adjustment Factor

The Tariff Rate Adjustment Factor helps ensure that total Special Access settlements paid to Incentive Companies remain at the correct level when Special Access tariff rates change within a settlement period. The Tariff Rate Adjustment Factor is multiplied to the product of Special Access Earned Revenues and the Retention Ratio factor on the EC3070. See also Special Access Settlement.

Traffic Sensitive Special Access *(SP)* Earned Revenue

Amount charged for all traffic sensitive interstate special access rate elements, as referenced in Sections 5, 7 and 10 through 13 of the NECA Access Service Tariff FCC No. 5.

TS Switch *(SW)* Earned Revenue

Amount charged for all traffic sensitive interstate switched access rate elements, as referenced in Sections 5, 6, 9 and 11 through 13 of the NECA Access Service Tariff FCC No. 5.

Universal Service Fund *(USF)*

The Universal Service Fund reimburses exchange carriers with higher than average local loop costs. The reimbursement amount is developed in conformance with Part 36 Subpart F of the FCC's rules.

SECTION 9

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NECA SETTLEMENTS

EC1070-I
7/95

INCENTIVE COMPANY INPUT FORM
CUSTOMER DIVIDEND INCENTIVE COMPANY

ENTERED: MMM,YYYY
APPLIES TO: MMM,YYYY
DATA TYPE: __________
STATUS: __________

REG: ______ SUBSET: ___
CC: ______ __________
CO: ______ __________
SA: ______ __________
CSLT: ______ __________

---- **COMMON LINE** ----	**AMOUNT**
1. Access Minutes	
2. Access Lines in Service	
3. CCL Premium Earned Revenue	
4. CCL Non-Premium Earned Revenue	
5. CCL Earned Rev. Sp. Acc. Surch.	
6. CCL Net Realized Uncollectibles	
7. CCL Net Earned Revenue	
8. EU Earned Revenue	
9. EU Net Realized Uncollectibles	
10. EU Net Earned Revenue	
11. CL Other	
---- **TRAFFIC SENSITIVE** ----	
12. SW Access Minutes	
13. SW Earned Revenue	
14. SW Net Realized Uncollectibles	
15. SW Net Earned Revenue	
16. SP Earned Revenue	
17. SP Net Realized Uncollectibles	
18. SP Net Earned Revenue	
19. TS Other	
---- **LIFELINE ASSISTANCE** ----	
20. Lifeline Connection	
21. End User SLC Waiver	

Data Comments:

PREPARED BY: ______________ DATE: MM/DD/YY TEL: (___) ___-____
CERTIFIED BY: ______________ DATE: MM/DD/YY TEL: (___) ___-____

PRINTED: MM/DD/YY, HH:MM AM ET CREATED: MM/DD/YY, HH:MM AM ET
Working Draft - May 12, 1995

CUSTOMER DIVIDEND INCENTIVE COMPANY
SETTLEMENT SUMMARY

COMPUTED: MMM,YYYY
APPLIES TO: MMM,YYYY

REG:______ SUBSET:____
CC: ______ __________
CO: ______ __________
SA: ______ __________
CSLT:______ __________

---- NET BALANCE SUMMARY ----		AMOUNT
1.	EU NET BALANCE [31 - 18]	
2.	CCL NET BALANCE+SUPPORT [32+11+16-17]	
3.	TS NET BALANCE [49-(33 + 34)]	
4.	EU PRIOR PERIOD NET ADJ.	
5.	CCL PRIOR PERIOD NET ADJ.	
6.	CL SETTLEMENT RATE ADJUSTMENT	
7.	TS PRIOR PERIOD NET ADJ.	
8.	TS SETT RATE & RET. RATIO ADJ.	
9.	USF & LA PRIOR PERIOD NET ADJ.	
10.	**TOTAL NET BALANCE (1 THRU 9)** If Positive, NECA Pays EC If Negative, EC Pays NECA	
---- SUPPORT DATA ----		
11.	LONG TERM SUPPORT	
12.	RESERVED	
13.	USF	
14.	LIFELINE CONNECTION [1070,20]	
15.	EU SLC WAIVER [1070,21]	
16.	**TOTAL USF + LA** [13+14+15]	
---- COMMON LINE ----		
17.	CCL NET EARNED REVENUE [1070,7]	
18.	EU NET EARNED REVENUE [1070,10]+15	
19.	CL OTHER [1070,11]	
20.	CCL ACCESS MINUTES [1070,1]	
21.	CCL SETTLEMENT RATE PER MOU	
22.	CCL SCHEDULE [20 x 21]	
23.	CL BASIC SCHEDULE [18+19+22]	
24.	CL EXPENSE & TAXES FACTOR	
25.	CL INVESTMENT FACTOR	
26.	REALIZED RESIDUE RATIO	
27.	RETURN FACTOR [24 + (25 x 26)]	
28.	CL REALIZED SCHEDULE [23 x 27]	
29.	RESERVED	
30.	EU SETTLEMENT [18]	
31.	CCL SETTLEMENT [28-30]	
32.	CCL SETTLEMENT RATE ADJUSTMENT	
33.	NET CCL SETTLEMENT [31 + 32]	

CUSTOMER DIVIDEND INCENTIVE COMPANY
SETTLEMENT SUMMARY

COMPUTED: MMM,YYYY
APPLIES TO: MMM,YYYY

REG:______ SUBSET:___
CC: ______ ___________
CO: ______ ___________
SA: ______ ___________
CSLT:______ ___________

---- **TRAFFIC SENSITIVE** ----

34. SW NET EARNED REVENUE [1070, 15]	______
35. SP NET EARNED REVENUE [1070, 18]	______
36. RESERVED	______
37. TS OTHER [1070, 19]	______
38. TS SWITCHED ACCESS MINUTES [1070, 12]	______
39. TS SW SETTLEMENT RATE PER MOU	______
40. TS SWITCHED BASIC SCHEDULE [38 x 39]	______
41. TS SPECIAL RETENTION RATIO	______
42. TARIFF RATE ADJUSTMENT FACTOR	______
43. TS SP BASIC SCHED [1070,16 x (41X42)]	______
44. TOTAL TS BASIC SCHEDULE [37 + 40 + 43]	______
45. TS EXPENSE & TAXES FACTOR	______
46. TS INVESTMENT FACTOR	______
47. REALIZED RESIDUE RATIO	______
48. RETURN FACTOR [45 + (46 x 47)]	______
49. TS REALIZED BASIC SCHEDULE [44 x 48]	______
50. TS SETTLEMENT [49]	______
51. TS SETTLEMENT RATE ADJUSTMENT	______
52. NET TS SETTLEMENT (50 + 51)	______

NECA
NATIONAL EXCHANGE CARRIER ASSOCIATION INC

Small Company Incentive Plan Cost Option

Pool Administration Procedures

Working Draft - May 12, 1995

CONTENTS **Page**

Introduction

BACKGROUND

The FCC's movement towards incentive regulation began in 1987, with the re-examination of the Rate of Return Regulation. The Commission adopted a price cap plan for AT&T in 1989. This plan separated services into three baskets with individual price ceilings to prevent monopoly pricing. It provided incentives for companies to achieve excess profits through the achievement of productivity increases and cost containment. Additionally, a consumer dividend was included in the price ceiling adjustment formula.

In 1990 the Commission implemented price cap regulation for the eight largest exchange carriers representing approximately 94% of access lines. Service baskets resembling AT&T's were created and a profit sharing mechanism was added. If EC profits rise above or fall below defined thresholds, customers share in the gains and losses. The upper and lower limits were set to ensure a certain level of protection from the risks inherent in a fluctuating market for the exchange carrier as well as their customers.

On May 13, 1993, the FCC adopted the Optional Incentive Regulation (OIR) Plan. This plan integrated both rate of return and price cap incentive regulations. Its intent was to separate prices from costs for two-year intervals. Incentive Plan Participants have a total commitment period of four years. The rates applicable to the two-year tariff period equal historic cost based rates, allowing companies to increase their profits by lowering their costs and/or increasing demand. Profit thresholds were also added.

Recognizing that this single plan did not adequately address the special needs of the smaller exchange carriers, the FCC also modified its "Section 61.39" small company tariff plan. The plan was tailored for Subset III telephone companies with fewer than 50,000 lines who were outside NECA's pools. The plan was made available for Cost and Average Schedule study areas, and is similar to the OIR plan but does not include profit sharing or routine earnings monitoring. The commitment period is two years.

In 1995 the FCC removed profit sharing from one of its LEC price cap options. Substituting a customer dividend for profit sharing is NECA's response to the Commission's belief that profit sharing creates perverse incentives.

The following procedures focus on NECA's administration of the Small Company Incentive Plan: Cost Option. In this option, each company's services are separated into three service groups (Common Line (CL), Traffic Sensitive (TS) Switched Access, and TS Special Access), which have the equivalent of "price ceilings" called settlement rates. A company charges NECA's uniform tariff rates to customers, but recovers from the pool based on its own settlement rates. This regulation provides incentives for companies to achieve and retain profits in excess of the authorized rate of return, through the achievement of productivity increases resulting from cost containment and/or demand stimulation.

An exchange carrier may elect one of two options. The EC can participate in the TS pool only, or in a combination of both the CL and TS pools. ECs are required to remain in the incentive plan for a two year term . ECs may elect to participate in the Incentive Options in December of the current year for participation effective July of the following year. Additionally, ECs withdrawing from the incentive plan may not re-elect this incentive option for two years.

The procedures also contain NECA's administration of the common line and traffic sensitive pools, a general overview of pooling and the settlement cycle, line reporting instructions for the EC1090-I, and FCC certification requirements. Also included is a brief discussion of revenue and cost analysis, which places pooling in a broader perspective. It concludes with a listing of NECA contacts in both the Regional Offices and Headquarters, a glossary and an index. Each section begins with an outline of what follows to help you locate data quickly and easily.

SECTION 1

Pooling Overview

This section discusses pooling in general terms and provides an overview of the pools and funds administered by NECA.

Introduction

Pooling Overview

Common Line Pool

- Long Term Support

Traffic Sensitive Pool

- Switched Access
- Special Access

Incentive Pool Settlement Formulas

- Common Line Formula
- Traffic Sensitive Formula

Universal Service

- Universal Service Fund
- Lifeline Assistance Program

Exhibits

- Settlement System Overview

1.0

Introduction

In 1983, the Federal Communications Commission established the National Exchange Carrier Association *(NECA)* to develop interstate access tariffs, administer access revenue pools and distribute monthly settlements for more than 1,000 participating companies. NECA assists local telephone companies in recovering the cost of providing access to their local telephone networks. NECA also acts as an industry agent for universal service. Although all local telephone companies are members of NECA, not all participate in NECA's tariffs or revenue pools.

The following procedures contain specific reporting and procedural guidelines for companies who participate in NECA's Small Company Incentive Plan: Cost Option and report their actual revenue, demand and costs to NECA. Cost companies who wish to participate in NECA's incentive option, do so at the study area level. Average Schedule companies who choose to participate in this incentive plan, must first convert to the cost settlement basis in order to become eligible.

A Small Company Incentive Plan participant is a study area for which pool settlements are based on individual formula driven settlement rates and demand levels. An exchange carrier may elect to participate in the Traffic Sensitive (TS) pool only, or in both the Common Line (CL) and TS pools. ECs are required to remain in the incentive plan for a two year term. ECs may elect to participate in the Incentive Options every year, in December of the current year for participation effective July of the following year. Additionally, ECs withdrawing from the incentive plan may not re-elect this incentive option for two years.

Incentive regulation differs from the traditional Rate-of-Return regulation associated with Cost settlements. This regulation provides incentives for companies to achieve and retain profits in excess of the authorized rate of return, through the achievement of productivity increases resulting from cost containment and/or demand stimulation.

For users who are unfamiliar with pooling, this binder also contains a general overview of the NECA pools and settlement system, a discussion of the Revenue and Cost Analysis function and a glossary of commonly used terms.

1.1

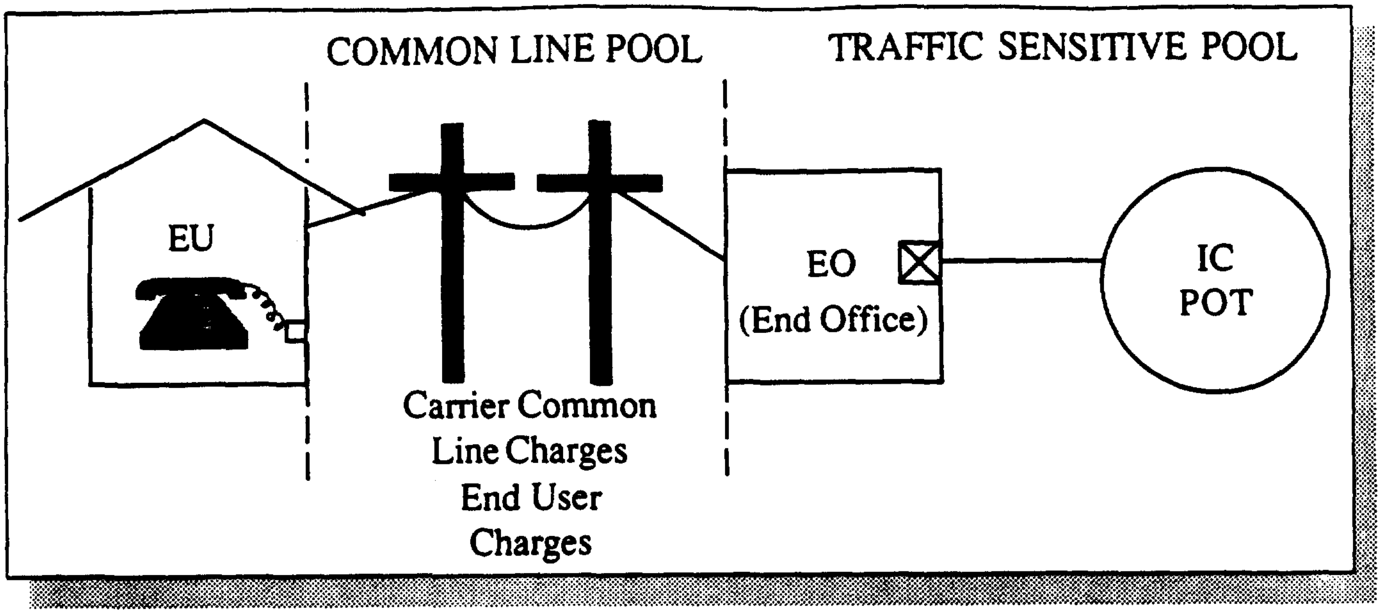
Pooling Overview

Pooling is based on risk-sharing and the matching of revenues to costs. This means that if the revenues derived from a service are reportable to a pool, the associated costs should also be reported. Local telephone companies *(referred to from here forward as exchange carriers or ECs)* that participate in the NECA tariff charge common rates. These rates are developed by NECA using member company data. They are designed to recover the costs of providing interstate access, while providing a reasonable return on the exchange carriers' investment. Each month participating exchange carriers report their interstate access revenues. The revenues are pooled. From this access revenue pool, profit sharing incentive exchange carriers receive a settlement, based on their own settlement rate for each service group. The settlement rate is calculated at the authorized rate of return, using estimates of the EC's historical cost, average annual net investment and demand.

By participating in the NECA pools, member companies eliminate the need to file individual access charge tariffs and reduce the risk of volatility of individual company revenues.

Exchange carriers who participate in the NECA pools have signed a Revenue Distribution Agreement with NECA that sets forth the terms and conditions for participation in interstate access service revenue pooling. The Agreement also specifies the existence of an "open window" which allows exchange carriers to update or correct revenue and demand data for up to 24 months after the data was initially reported. The pooling process and all information submitted by pool participants is subject to examination by NECA to the extent necessary to verify the accuracy and reasonableness of all submitted items. This includes revenues, investment, expenses and taxes underlying the compensation amounts. To assure pool integrity, pool participants must maintain backup data sufficient to verify data accuracy. In addition, exchange carriers who complete a merger or acquisition must notify NECA *(for additional information see Section 3, par. 3.2.5)*.

To accomplish the equitable pooling and distribution of revenues, NECA operates two pools: common line and traffic sensitive. The following diagram illustrates the local facilities for which companies report data to these pools.



1.2

The Common Line Pool

A "common line" is the portion of the exchange carriers facilities that extends from the customer's *(referred to from here forward as end user)* premises to the exchange carrier's end office. The common line pool recovers the interstate portion of the costs of maintaining those facilities. The types of revenues reported to this pool are subscriber line charges and carrier common line charges.

Subscriber line charges are revenues paid by business and residential end users to cover a portion of the interstate costs of providing the common line. Carrier common line charges are paid by long distance *(referred to from here forward as interexchange)* carriers to exchange carriers for their use of local facilities to connect long distance calls and cover the remaining portion of interstate common line costs.

1.2.1

Long Term Support

When NECA began operating the pools in May 1984, participation in the common line pool was mandatory for all exchange carriers. In April 1989, however, the FCC permitted voluntary membership in the common line pool. To maintain the NECA carrier common line rate at the nationwide average, another revenue stream was introduced to the common line pool: Long Term Support.

Beginning July 1, 1994, and thereafter, the Long Term Support obligation shall be funded by each exchange carrier that files its own Carrier Common Line tariff. The percentage of the annual Long Term Support requirement paid by each of these companies shall equal the number of its common lines divided by the total number of common lines of all telephone companies paying Long Term Support.

1.3

The Traffic Sensitive Pool

The term "traffic sensitive" refers to the portion of the exchange carriers facilities that include the end office and extends from the end office to the connection with the interexchange carrier. The types of revenue and expenses reported to this pool are switched access and special access.

Switched access charges recover the cost of the switching systems in the end office that carry interstate traffic. They also include the trunks that extend from the exchange carrier's end office to the interexchange carrier point of termination.

Special access charges recover the cost of exchange carrier facilities that provide interstate access without using end office switches. An example of this type of facility is dedicated lines.

1.4

Small Company Incentive Plan: Cost Option Settlement Formulas

This section describes the current interstate access incentive settlement formulas filed by NECA and approved by the FCC effective .

1.4.1

The Common Line Formula

The formula covers the cost of subscriber line plant and associated circuit equipment, embedded inside wire, and semi-public paystations. The following two formulas are used to calculate the monthly settlement for the Common Line service group:

Per Line	=	*Retention of Billed End User Tariff Revenues (Including SLC Waiver Revenues)*
Per Minute Formula	=	*(CL Revenue Requirement - End User Revenue) ÷ (Minutes of Use (1+G))*

Note: The current rates for NECA's End User tariff participants are $3.50 for residential lines, and $6.00 for business lines.

Growth (G) equals the Carrier Common Line Minutes of use during the most recent 12-month period over Carrier Common Line minutes of use in the preceding 12-month period.

1.4.2

Traffic Sensitive Formula

These formulas cover the costs of line terminations, local switching, intercept, directory assistance, local transport and special access.

Traffic Sensitive Switched Access		
Per Minute Formula	=	*Switched Revenue Requirement ÷ Minutes of Use*

Traffic Sensitive Special Access		
Retention Ratio	=	*Special Access Revenue Requirement ÷ Special Access Revenue*

Note: If there are any changes in the Special Access Tariff Rates during the period, the Special Access Revenues are adjusted to reflect the impact of the rates in effect at the end of the period.

Traffic Sensitive Special Access Formula:

Traffic Sensitive Special Access		
Special Access Settlement	=	*[Special Access Revenue x Retention Ratio x Tariff Rate Adjustment Factor*

Note: Tariff Rate Adjustment Factor = 1/(1 + Tariff Special Access Relative Rate Change since the last Settlement Period).

Universal Service

In addition to operating the access pools and administering the Long Term Support, NECA also administers the following universal service programs, established by the Federal Communications Commission.

1.5.1

Universal Service Fund *(USF)*

For some exchange carriers, particularly those in sparsely populated or geographically remote areas, the cost of providing service is well above the national average. To assist exchange carriers in providing affordable local telephone service, NECA administers the Universal Service Fund *(USF)*.

Companies qualify for USF support based on the costs of their local loops. Exchange carriers with loop costs higher than 115% of the national average receive a payment from the Fund to help offset the cost of providing local service in high cost areas. Each year NECA conducts a data collection from cost companies to determine the national average loop cost and each study area's USF expense adjustment.

1.5.2

Lifeline Assistance *(LA)* Program

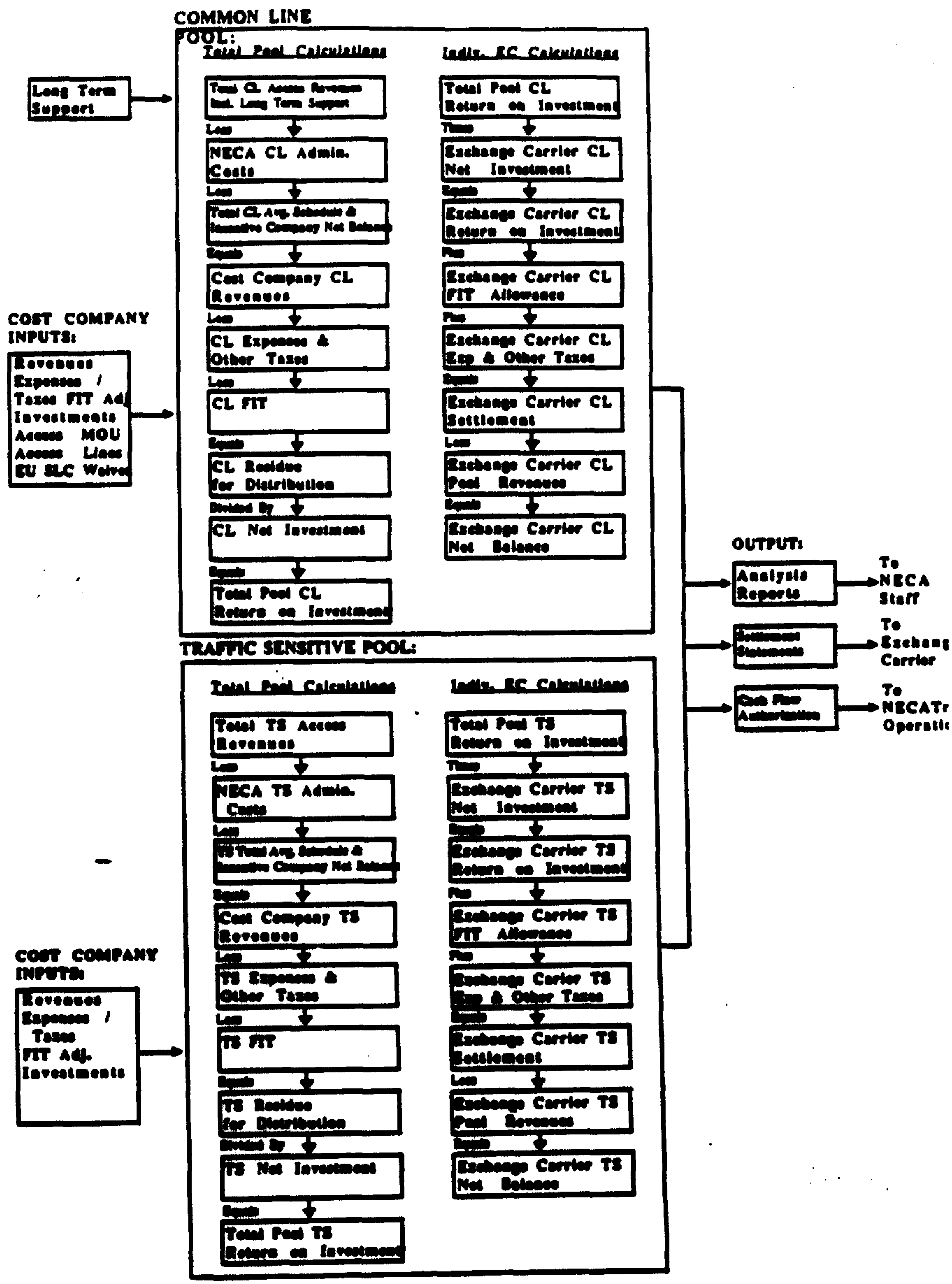
In addition to administering USF, which helps companies to maintain reasonably priced telephone service in high cost areas, NECA administers the following Lifeline Assistance programs:

> The FCCs Subscriber Line Charge Waiver program enables exchange carriers to waive or reduce the subscriber line charge for qualified residential subscribers. The interstate amount waived or reduced is reported to the NECA pools.
>
> The FCCs Link-Up America program enables exchange carriers to reduce or defer connection costs for qualified residential subscribers. These amounts are reported to NECA in the same way.

These programs help offset the cost of providing service to low income subscribers. NECA bills qualified interexchange carriers directly for both universal service programs (USF & LA), then flows the funds to qualified exchange carriers.

Exhibit 1.1

NECA COST SETTLEMENT SYSTEM OVERVIEW (FOR NECA TARIFF PARTICIPANTS)



SECTION 2
The Settlement Cycle

This section contains an overview of the settlement cycle and explains the terminology used in making data entries and calculating pool settlements.

Settlement Intervals

Data Types
- Data Month Estimate *(DME)*
- Data Month Adjustment *(DMA)*
- Retroactive Adjustment *(RA)*
- Maximum Period of Retroactivity

Data Entry
- Data Input
- Edit Checks
- Range Checks

Lock Activities
- Default File
- Reasonableness Reviews
- Overrides

Processing
- Residue Ratio
- Rate of Return Factor
- Net Balance
- Prior Period Net Adjustments
- Settlement Rate Adjustment
- Total Net Balance

Settlement Rate
- New Settlement Rate

System Reporting
- Settlement Statements *(EC3090-0)*
- Post Settlement Analysis
- Cash Flow
- Late Payment Penalties

Exhibits
- Edit Checks
- NECA Settlement Schedule

The NECA Settlement Cycle

2.0

Settlement Intervals

Each month exchange carriers report revenue and demand data as part of the settlement system's four phase cycle: data entry, lock, processing and reporting. This section summarizes the activities associated with each phase and defines the types of data transactions exchange carriers input to the system.

2.1

Data Types

Each month participants in the NECA pools submit estimates of their revenues and demand items. As actual data becomes known, companies adjust their data to reflect their actual revenues and demand. For this reason, the common line and traffic sensitive pools operate with a 24 month "open window" in which the exchange carrier can revisit prior months to adjust data. Depending on whether they are reporting current estimated or trued-up actual data, exchange carriers can make three types of data entry during a current month settlement cycle: data month estimate, data month adjustment or retroactive adjustment.

2.1.1

Data Month Estimate *(DME)*

The data month estimate is the initial data entry an exchange carrier makes to report current month data. In most cases, a DME is an estimate of what the exchange carriers actual data will be for the month. It is used to calculate the current month settlement.

2.1.2

Data Month Adjustment *(DMA)*

The data month adjustment is a change to data entered up to three months after the DME. Companies normally use DMAs to true-up their estimates of revenue and demand items.